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UNCLAS SECTION 01 OF 02 ZAGREB 000128

SIPDIS

E.O. 12958: N/A

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SUBJECT: FORMER CROATIAN GENERAL ZAGOREC GUILTY OF ABUSE OF  
OFFICE, THEFT

¶1. Summary: On March 2, the Zagreb County Court convicted retired Tudjman-era Croatian General Vladimir Zagorec of abuse of office and stealing \$5 million in diamonds, and sentenced him to seven years in prison. The theft occurred at the Ministry of Defense (MOD) upon Zagorec's departure from his post as Assistant Minister in 2000 and the jewels were allegedly used as collateral for the purchase of weapons during Croatia's 1991-1995 Homeland War. The abuse of office charges include massive war profiteering which continued throughout his time in the MOD from 1993-2000.

War Profiteer

¶2. Zagorec served as Assistant Minister of Defense for Procurement, while simultaneously heading RH Alan, a company which imported weapons into Croatia. During this time, the 46 year-old Zagorec built a personal fortune estimated at \$33 million according to a 2006 report on the wealthiest Croatians. Zagorec lived in Vienna, Austria from his dismissal from the MOD in 2000 until his arrest in 2007. The formal investigation was launched in February 2007 and he was arrested shortly thereafter on an international warrant. Following his extradition to Croatia in October, 2008, he was formally indicted on October 24 and the trial began on November 21.

Final Verdict Awaiting Appeal Process

¶3. Following the verdict, the prosecutors and defense both appealed. Zagorec will remain in prison pending the appeal to the Supreme Court. Prosecutors are seeking additional jail time and the defense is seeking to overturn the verdict due to a lack of evidence. Although the case involved massive fraud and abuse of office, the case was handled by the regular office of the State Prosecutor rather than the Office for Suppression of Organized Crime and Corruption (USKOK). According to a new law on USKOK passed since the trial began, similar cases in the future would be under its authority.

Assets Frozen

¶4. The court granted a prosecutor's request to freeze all assets of Zagorec until the final Supreme Court verdict. All bank accounts and property registered in his name have been temporarily frozen. The court also ruled that Zagorec must repay the value of the jewels at the time of the theft, which makes the fine closer to \$8 million due to exchange rate changes.

Prosecution Witness Kidnapped Zagorec's Son

¶5. The presiding judge, Sinisa Plesa, stated that, even though there was no direct evidence proving that Zagorec had stolen the jewels, the court based its decision on three witness testimonies and several key documents. He explained there were no discrepancies among the testimonies nor could the court find any indication that the three conspired to falsely accuse Zagorec. (Note: One of the main prosecution witnesses, Hrvoje Petrac, is currently serving seven years in prison for kidnapping Zagorec's son. Petrac first brought up the existence of the jewels during his 2005 kidnapping trial when he mentioned seeing his former friend Zagorec with two bags of jewels. End Note.)

#### Media Questions Strength of Prosecution

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¶6. Media reaction to the verdict was mixed. Some journalists questioned the amount of evidence presented in the trial, which saw only three prosecution witnesses testify. Media interviewed several judicial experts who said that if the available evidence was indeed sufficient to find Zagorec guilty, he should have received the maximum sentence. Some experts found the case against Zagorec thin at best, with the only condemning evidence coming from one criminal convicted of kidnapping the defendant's son, and two former office secretaries at the Ministry of Defense.

#### Zagorec Losing His Honors

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¶7. President Mesic announced on March 3 that he will soon strip Zagorec of all his war medals and will not wait for a

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final verdict. Zagorec, who never saw any front-line action during the Homeland War, is currently the most decorated Croatian general. Mesic also announced that investigations into secret bank accounts of other war profiteers are ongoing. Throughout the proceedings, Zagorec argued that Mesic was behind his indictment and involved in a smear campaign against him. Zagorec claims Mesic was trying to protect Petrac, who he says helped finance Mesic's presidential campaign, although there was no evidence to support these claims presented at the trial.

#### Comment

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¶8. Although this was not an USKOK case, it represents one of the largest corruption convictions since Croatian independence. The trial, which was very quick by Croatian standards, also bodes well for prosecutors and the Ministry of Justice as they attempt to tackle hundreds of pending corruption cases by establishing specialized courts ("USKOK Courts") to which Judge Plesa was just appointed.  
BRADTKE